

# DESIGNING AND INITIATING A SMALL COMMUNITY HOUSING REHABILITATION PROGRAM



May, 1995

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**MONTANA DEPARTMENT OF COMMERCE**  
**Local Government Assistance Division**  
**Community Development Block Grant Program**

**DESIGNING AND INITIATING**  
**a**  
**SMALL COMMUNITY HOUSING**  
**REHABILITATION PROGRAM**

Prepared by

**Business Services, Inc.**  
**White Sulphur Springs, MT**

and

**Double-Tree, Inc.**  
**Bridger, MT**

Prepared for

**THE MONTANA DEPARTMENT OF COMMERCE**  
**Local Government Assistance Division**  
**Community Development Block Grant Program**

**Jon Noel, Director, Department of Commerce**  
**Newell Anderson, Administrator, Local Government Assistance Division**  
**Dave Cole, Chief, Community Development Bureau**  
**Gus Byrom, Program Manager, Community Development Block Grant Program**  
**Beth Berlin, Program Specialist, CDBG Program**  
**Nick Rich, Program Specialist, CDBG Program**  
**Kelly Shields, Program Specialist, CDBG Program**  
**Debbie Stanton, Program Assistant, CDBG Program**  
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## **Dictionary of Acronyms Commonly Used in Housing Rehabilitation Programs**

CDBG	Community Development Block Grant
CRA	Community Reinvestment Act
DOC	Montana Department of Commerce
FmHA	Farmers Home Administration
HHS	Health and Human Services
HOME	HOME Investment Partnerships Program
HPG	Housing Preservation Grant
HRDC	Human Resources Development Council
HUD	U.S. Department of Housing and Urban Development
FHLB	Federal Home Loan Bank of Seattle

## INTRODUCTION

Montana's housing is in crisis. Along with other mountain states, Montana has become the latest destination for middle American households attracted by the quality and perceived simplicity of life. Montana's modest housing and land prices make real estate very attractive. Purchasers fresh from the sales of expensive homes in urban areas are willing to pay prices that mainstream Montanans cannot afford. This trend has created inflated property values, increasing taxes on homes and placing an undue burden on lower income residents. An unprecedented impact on the cost and availability of housing stock has been the result. Lower income residents of Montana have traditionally been limited in the degree to which they can afford improvements to their housing units, both by low income of homeowners and low rents for landlords, while the in-migrants are largely unaffected by these factors.

This is especially true in small Montana towns with populations of less than 5,000. Their homes continue to deteriorate physically, since earning power and/or retirement benefits in Montana are not keeping pace with tax increases and other living costs. Consequently, Montana's housing stock is in a state of decline, ranging from slight decay in larger cities, to severe deterioration in the smallest communities in eastern Montana.

The housing crisis presents Montana's local governments with an opportunity to re-examine their options and responsibilities for getting involved in housing issues in their communities. Currently, federally sponsored programs available only to local governments and non-profits are some of the best avenues for improving housing stock. These programs can be effectively linked with private financing to produce a higher visual and economic impact.

This Handbook will discuss:

1. Community Readiness:
  - a. Motivation: Why should local government get involved in housing?
  - b. Commitment: How much time will a housing rehab program take?
  - c. Capacity: Management Plan (Who will be responsible?)
  - d. Market: Will this program be accepted by the community?
2. Assessment: Identifying community needs, including housing.
3. Project Design: How much can we reasonably hope to accomplish?
4. Budget: How much will it cost?
5. Funding: How do we find and secure the funds we need?

With regard to community readiness, the handbook discusses motivation (why should a community undertake housing rehabilitation?), commitment (is the local government is prepared to carry the program through to completion?), and capacity (does the local government have the ability to successfully design and implement a multifaceted housing improvement program?).

Discussed in depth will be techniques for conducting the required needs assessment, that identifies and quantifies community development needs and all housing needs, including rehabilitation and new construction needs. It is assumed that communities will be using federal and state funding in addition to leveraged funds from local banks and other private sources. Funding for a single program can come from several sources, including the HUD HOME Investment Partnerships Program Grants, HUD Community Development Block Grants, Farmers Home Administration Housing Preservation Grants, and HHS Energy Conservation funds.

This handbook is intended for people in small Montana communities who are unfamiliar with housing rehabilitation programs. It discusses only issues that apply to Montana, programs that are popularly used and feasible for use in very small communities, and the latest information on changes in these programs. The handbook attempts to use language and phrases familiar to the layperson, and a dictionary of commonly used acronyms follows the Table of Contents.

